

## Errors in Filing the Revised Sales and Use Tax Return

## Sales & Use tax notice

In reviewing the Sales and Use Tax Returns submitted after the effective date of the Tax Reform Act of 2002, the Department of Revenue is finding frequent errors in two areas of the return.

**Single-Article State Tax Rate:** The amounts between \$1,600 and \$3,200 on single-article sales are, effective July 15, 2002, subject to a state tax rate of 2.75%. The collective total of the amounts in excess of \$1,600 and up to, and including, \$3,200 on single-article sales must be reported on Line 1, Schedule C on the reverse side of the sales and use tax return. The tax must be reported on both Schedule C and Line 12 on the front of the return. There are many dealers that are not yet utilizing Line 1, Schedule C for entering data on the return.

**All persons reporting sales or use tax on single articles must ensure that Line 1, Schedule C of the return is not left blank.** When there is an entry on Line 4, Schedule B but no entry on Line 1, Schedule C, the system automatically enters the Line 4, Schedule B amount on Line 1, Schedule C. This will generate an assessment notice to the taxpayer. To ensure that your return is properly processed and credited against your account, please utilize Line 1, Schedule C appropriately to report the state portion of the single-article sales tax.

Lessors and renters of single articles of tangible personal property, who do not have leases or rentals beginning in each

reporting period, should use Line 6, Schedule B, rather than Line 4, Schedule B, to report the amounts in excess of the single-article local tax base. This will avoid the automatic tax projection during the months in which there are no new leases or rentals and no required entry for Line 1, Schedule C.

**Sales For Resale: On the revised sales and use tax return, sales for resale are now reported on Line B, Schedule A, rather than on Line A,** as previously reported. Line A is now used exclusively for reporting sales of food items taxed at the 6% state rate. When sales for resale are reported on Line A, these sales, which should be identified as exempt from sales and use tax to the seller, are being identified as sales on which state (at the rate of 6%) and local sales tax should have been collected. This creates a debit memorandum to the taxpayer. By correctly reporting sales for resale on Line B on the revised sales and use tax return, the taxpayer can eliminate this problem.

For more information regarding the procedures for reporting sales for resale and the new state single-article tax rate, please review the information relating to the Tax Reform Act of 2002, which can be found on the department's Web site.

Have questions or comments? Please let us know. [Contact us.](#)

Publication Date: October 2002